



Measure 6 – Farm and Business Development

Sub-measure 6.4 – Support for Investments in creation and development of non-agricultural activities

Background

The objective of Measure 6.4 is to stimulate the rural business environment, to contribute to an increased number of non-agricultural activities carried-out in rural areas as well as to develop existing non-agricultural activities, create jobs, increase the income of the rural population and alleviate rural-urban disparities.

Support under this measure is offered to farmers (natural and legal persons [SMEs]) intending to diversify their main economic activity or to start a new economic activity by investing in non-agricultural activities with the aim to increase their income and to create occupational alternatives, in line with pursuit of one or more of the Malta needs as identified in the Rural Development Planning strategy.

Type of Support

Grants shall be provided as support under this sub-measure.

Eligible Costs

The eligible expenditure/actions include:

- The construction, acquisition, including through leasing, or improvement of immovable property;
- The purchase or lease-purchase of new machinery and equipment (including investments related to energy efficiency/generation)
- The cost of funding specialist contractors to undertake project management duties to realise the investment; General costs such as architects, engineers and consultation fees, feasibility studies, the acquisition of patent rights and licences up to a maximum of 15% of the total eligible project cost;
- Intangible investments such as copyrights, trademarks or processes.

Grant is provided for diversification of agricultural into a non-agricultural activity undertaken in rural areas, or for non-agricultural rural business development in the following domains, identified in the Rural Development Programme (2014-2020):

- Rural tourism activities or activities linked to territorial economic development, including rural accommodation, tourism service provision, catering, farm shops (non-Annex I products), restaurants, etc;
- Social service provision including construction, re-construction and/or modernization of premises and area for carrying out the activities (e.g. educational farms, etc.);
- Provision of services to all rural economic sectors, including agriculture and forestry, or to the rural population;
- Development of crafts and handicraft activities
- IT activities, computer-based and electronic activities, e-commerce, etc.;
- Creation/development of parks (wildlife, birds, etc);
- Investments in leisure, recreational and sport activities.

All investments under this measure shall materialise either on-farm, irrespective of the farm being in a rural or urban area, or off farm, in which case the investment shall materialise in a rural area.

Ineligible Expenditure:

- Running and operational costs are not eligible
- In the case of leasing, other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance charges, shall not be eligible expenditure;
- Purchase of second-hand equipment will not be eligible for support under this measure;
- Simple replacement investments shall not be eligible for support;

- Other costs connected with the leasing contract, such as lessor's margin, interest refinancing costs, overheads and insurance changes (shall not be eligible expenditure).

Investments supported under Articles 19 (1)(b) should not result in the creation of an agricultural activity or in support of an activity, which output is an Annex I product listed in the Treaty.

Eligibility Conditions

Eligibility Conditions include:

- Support will not be granted to holdings or enterprises in difficulty within the meaning of Commission Regulation No 702/2014;
- Beneficiaries are obliged to maintain the project as a going concern for five (5) years, as defined in Article 71 of Regulation 1303/2013, from the date of final payment to the beneficiary, or within the period of time set out in State Aid Rules, where applicable;
- Support will not be granted when this is already provided under other schemes, including the first pillar of CAP;
- No aid will be granted to those sectors and undertakings explicitly excluded from receiving aid under Article 1 of Commission Regulation No 702/2014;
- Undertakings subject to an outstanding recovery order following a previous Commission Decision declaring aid illegal and incompatible with the internal market shall not be eligible to receive aid under this scheme;
- Assistance shall not be granted in contravention of any prohibition or restriction laid.
- PVs are eligible up to 10% of the total eligible costs, subject that energy produced is for self-consumption.
- The aid under this scheme is granted as de minimis aid in line with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. In terms of the provisions of this Regulation, each single Undertaking may not receive more than €200,000 in de minimis aid from any source of public funding (EU Structural Funds or any other State Aid) for a rolling period of three fiscal years.

Eligible Applicants

Beneficiaries under this support option are farmers diversifying into non-agricultural activities;

Farmers (natural or legal persons [SMEs]) may be eligible beneficiaries no matter whether these are located in urban or rural areas.

Applications must be from farmers of which farms are efficient and economically viable. Efficient and economically viable farms are defined as agricultural holdings with a standard output (SO) which is higher than the established minimum threshold of 15,000 SO/holding¹; this is applicable for both the crop and the livestock sectors. The minimum SO/holding must be maintained until completion of the project.

Aid Intensity

Beneficiaries will receive 50% of the total eligible project costs as public funds with the other 50% coming as a private contribution. The maximum value of grant support provided under this measure is set at €150,000 excluding VAT

¹ Refer to following link for more details:

<https://eufunds.gov.mt/en/EU%20Funds%20Programmes/European%20Agricultural%20Fund/Documents/Measures/How%20to%20calculate%20the%20SO%20value.pdf>